

Message Text

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70/64

ORIGIN EB-11

INFO OCT-01 ARA-11 IO-12 ADP-00 USIE-00 CIAE-00 DODE-00

PM-09 H-02 INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SS-14 OMB-01 TAR-02 AGR-20 AID-20 COME-00

LAB-06 OIC-04 SIL-01 STR-08 TRSE-00 CIEP-02 CEA-02

SCI-06 CEQ-02 INRE-00 NSCE-00 SSO-00 /161 R

66630

DRAFTED BY: EB/ OT/ GCP: RPRICKETT; EB/ ORF/ ICD: VMCCLUNG; VDR

3/22/73 EXT 22728

APPROVED BY: IO/ CMD: JWMCDONALD, JR.

STR: BSTEINBOCK - ARA/ ECP: DAMBACK

AGRIC: JMONDLEIN - IO/ CMD: AYODER

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FM SECSTATE WASHDC

TO AMEMBASSY QUITO IMMEDIATE

INFO USMISSION USUN NEW YORK

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C O R R E I T E D C O P Y (G A R B L E D T E X T S U B P A R A 3 L I N E 11)

E. O. 11652: N/ A

TAGS: OCON, ECLA, ETRD

SUBJECT: ECLA TECHNICAL LEVEL MEETING

REF: QUITO 1401

1. DEPT CONCURS WITH STEPS USDEL HAS TAKEN TO AVOID ANY IMPLICATION OF U. S. APPROVAL OF DOC 962 REPORT OF THE FIRST MEETING OF THE COMMITTEE OF HIGH- LEVEL EXPERTS. USDEL MAY AT ITS DISCRETION CONTINUE TO PARTICIPATE IN EFFORTS TO IMPROVE DOC 962; HOWEVER, IT APPEARS HIGHLY UNLIKELY SUCH EFFORTS COULD PRODUCE RESULTS WHICH WE COULD APPROVE. IF EVENTUALITY RAISED PARA 3 REFTEL OCCURS, USDEL SHOULD DIS-
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ASSOCIATEITSELF FROM ANY RESOLUTION ENDORSING DOC 962
. WITH RESPECT 962 DELEGATION MAY REITERATE FAILURE
OF U. S. TO PARTICIPATE IN PREPARATION OF REPORT AND LATE
RECEIPT OF DOCUMENT WHICH PRECLUDED CAREFUL CONSIDERATION
WITHIN USG.

2. IF COMMENT DESIRABLE ONSPECIFIC PARAGRAPHS OF DOC 962,
USDEL MAY AT ITS DISCRETION DRAW UPON FOLLOWING:

(A) PARAS 46-50 REPEATEDLY MISREPRESENT WHAT WAS AGREED
TO IN THE IDS AND WHAT HAS IN FACT HAPPENED SINCE ADOP-
TION OF THE STRATEGY.

(1) PARA 46 INTERPRETS PARA 21 OF THE IDS AS A
COMMITMENT TO TAKE " CONCRETE ACTION", BY DECEMBER 31,
1972, ON THE PRODUCTS LISTED IN UNCTAD RESOLUTION 16 (II).
THE LANGUAGE OF THE RESOLUTION IN QUESTION AVOIDS ANY
SUCH PREJUDGEMENTS, AND THE U. S. AND OTHER DC' S SAW TO IT
THAT PARA 21 RETAINED THE SAME FLEXIBILITY. THE U. S. IN
ACCEPTING THE STRATEGY SAID " THE U. S. CAN ACCEPT PARA 21
SINCE IT APPEARS TO BE RECOGNIZED THAT THE CONDUCT OF
STUDIES AND PERHAPS INTERGOVERNMENTAL CONSULTATIONS MAY
BE ALL THAT IS PRACTICABLE BY THE DATE CITED AND THAT
THERE WILL BE NO NEED FOR FURTHER INTERNATIONAL ACTION IN
SOME CASES." THE U. S. DELEGATION TO ECLA MIGHT ASK THE
LA REPRESENTATIVES TO INDICATE WHAT ACTION ON WHAT PRO-
DUCTS LISTED IN 16 (II) THEY FEEL SHOULD OR COULD HAVE
BEEN TAKEN BY THE DATE CITED.

(2) THE REFERENCES IN PARAS 21 AND 22 OF THE IDS
TO NEGOTIATING NEW COMMODITY AGREEMENTS AND RENEWING
EXISTING AGREEMENTS HAVE A " WHERE APPROPRIATE" QUALIFICA-
TION WHICH IS DISREGARDED IN THE FIRST SENTENCE OF PARA
47. THIS PARA ALSO TAKES NO ACCOUNT OF THE FACT THAT
AGREEMENTS MUST SERVE THE INTERESTS OF ALL PARTICIPANTS
AND THAT RECENT DEVELOPMENTS REGARDING THE WHEAT AND
COFFEE AGREEMENTS ARE DUE TO THE INABILITY TO RECONCILE
CONFLICTING INTERESTS.

(3) IN ACCEPTING THE IDS, THE U. S. NOTED THAT THE
RECOMMENDATION IN PARA 24 OF THE STRATEGY ON DEVELOPING
GUIDELINES FOR A PRICING POLICY HAD IN ITS JUDGMENT
ALREADY BEEN MET IN TDB RESOLUTION 73 (X) (ON MARKET
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ACCESS AND PRICING POLICY). THE LDCS' PROPOSALS ON

PRICING POLICY AT UNCTAD- III CONTAINED MANY ELEMENTS ALREADY CONSIDERED AND REJECTED BY THE DC' S IN THE NEGOTIATION OF 73 (X), AS WELL AS A FEW NEW AND CONTROVERSIAL ELEMENTS WHICH THE LDC' S MUST KNOW ARE NOT LIKELY TO BE ACCEPTED. THE SUGGESTION THAT THIS " DISAPPOINTING EXPERIENCE" HAS FORCED THE LDC' S TO RESORT TO PRODUCER ARRANGEMENTS IS PURE SOPHISTRY.

(4) PARA 50 ON STANDSTILL IS UNCLEAR. ASSERTION THAT " OBSERVATION OF STANDSTILL RECOMMENDATION IN PARA 25 OF IDS HAS BEEN PARTIAL IS NOT SUPPORTED BY EVIDENCE OF TRADE DAMAGE TO LDC' S AS RESULT OF NEW OR INCREASED RESTRICTIONS. THE U. S. MOREOVER RESERVED ON PARA 25 WITH THE FOLLOWING STATEMENT: " U. S. REGARDS PARA 25 AS SUBJECT

TO SAME QUALIFICATIONS AS EARLIER COMPARABLE UNDERTAKINGS ACCEPTED BY U. S. IN THE GENERAL AGREEMENT ON TARIFFS AND TRADE, IN UNCTAD RES A. II. I AND IN IA- ECOSOC. IN THESE IT IS EXPLICITLY RECOGNIZED THERE MAY BE EXCEPTIONAL CIRCUMSTANCES WHICH MAKE IT IMPOSSIBLE TO GIVE EFFECT TO THE RECOMMENDATION." THE QUALIFICATION IN GATT OCCURS IN ARTICLE XXXVII PARA 1 AND READS: " EXCEPT WHEN COMPELLING REASONS, WHICH MAY INCLUDE LEGAL REASONS, MAKE IT IMPOSSIBLE..." U. S. DEL NEED NOT COMMENT ON REFERENCE TO CUSTOMS UNION SINCE U. S. NOT MEMBER.

(5) PARA 51 TAKES NO ACCOUNT OF THE REDUCTION OR ELIMINATION OF SOME OF THE FEW RESTRICTIONS ON IMPORTS OF PRIMARY PRODUCTS MAINTAINED BY THE U. S.-- I. E., PETROLEUM, MEAT.

(6) PARA 52 IGNORES THE FACT THAT PROGRESS IN RESPECT OF RESEARCH PROGRAMS TO INCREASE THE COMPETITIVENESS OF NATURAL PRODUCTS DEPENDS, IN THE FIRST INSTANCE, ON THE EXISTANCE OF SPECIFIC PROPOSALS. (REFERENCE TO PARA ON SUBJECT IN U. S. SUBMISSION ON REVIEW AND APPRAISAL.) A CONCRETE PROPOSAL REGARDING JUTE RESEARCH WAS CIRCULATED BY THE UNDP LATE IN 1972, AND ANOTHER IS NOW BEING FINALIZED REGARDING COTTON. THE U. S. HAS PLAYED A CONSTRUCTIVE ROLE IN PROMOTING BOTH OF THESE PROJECTS AND WILL CONTINUE TO DO SO.
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(7) RE PARA 53: EXCEPTION SHOULD BE
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*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

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